

**MINUTES OF THE MEETING**  
**OF THE**  
**ARKANSAS LEGISLATIVE COUNCIL**

**Friday, August 20, 2010**

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The Arkansas Legislative Council met at 9:00 a.m., Friday, August 20, 2010 in Room 171 of the State Capitol, Little Rock, Arkansas. Co-Chair Maxwell called the meeting to order and dispensed with the calling of the roll. The members who attended are listed on the sign-in sheets.

**Adoption of Minutes of the Last Meeting**

Co-Chair Maxwell referred members to the minutes of the June 18, 2010 meeting of the Legislative Council and asked if there were questions. There were no questions regarding the minutes of the last meeting.

**The motion by Senator Glover to adopt the minutes of the June 18, 2010 Legislative Council meeting passed without objection.**

**Revenue Reports**

June 2010 Revenue Report

Co-Chair Maxwell recognized Richard Wilson, Assistant Director of the Bureau of Legislative Research, to present the monthly revenue report for June 2010. Mr. Wilson reported that the June 2010 revenue report is the year-end report and shows that for twelve months of fiscal year 2010 gross collections were \$160.7 million less than last year for a negative growth rate of negative two point nine percent (-2.9%). The adjusted net available for distribution is \$111.6 million dollars less than the previous year, for a growth rate of negative two point five percent (-2.5%). There are records of revenue collections going back to 1956 and there have been a few years of negative growth, but never two years back-to-back as experienced in 2009 and 2010.

Mr. Wilson reported the graph page indicates that revenue was \$61.4 million dollars ahead of the forecast as revised on May 4, 2010. The spreadsheet indicates the gross receipts were a negative six point seven percent (-6.7%) and weighted average income tax collections were a negative two point eight percent (-2.8%). Mr. Wilson reported that the cigarette tax collections were \$78.8 million ahead of the previous twelve months and the tobacco tax that began on March 1, 2009 generated another \$23.6 million for a total of \$102.4 million in new tobacco taxes. Mr. Wilson then answered questions concerning the June 2010 revenue report.

July 2010 Revenue Report

Co-Chair Maxwell recognized Mr. Wilson to present the July 2010 revenue report. Mr. Wilson reported that the July 2010 revenue report is the first month of fiscal year 2011 and gross collections were \$20.6 million ahead of the same period last year for a growth rate of five point one percent (5.1%). The adjusted net available for distribution is \$41.4 million dollars less than the previous year, due to the transfer of \$61 million that occurred in the first month of last year. A review of the unadjusted net receipts indicates five point six percent (5.6%) to the positive. The graph page indicates revenue is \$15 million ahead of the forecast. The spreadsheet indicates a positive growth in both gross receipts and income taxes. Mr. Wilson answered questions regarding this report.

Recognition of Senator Malone

Co-Chair Maxwell recognized Senator Faris who brought to the committee members' attention that Senator Percy Malone was in attendance and was doing well. The members welcomed Senator Malone with applause and Senator Malone thanked everyone for their concern and well wishes.

**Report of the Executive Subcommittee**

Co-Chair Maxwell recognized Senator Faris to present the report of the Executive Subcommittee. Senator Faris reported that the Executive Subcommittee met on August 11, 2010 and heard a report on the utilization of task forces and appropriate committees and the Executive Subcommittee voted to inform the members of the Legislative Council at a later meeting of some of the circumstances concerning task forces. The Executive Subcommittee also reviewed a contract in the amount of \$24,565.00 for architectural fees related to the ongoing renovation project. The Executive Subcommittee also heard a report from the director concerning the promotion of two employees to administrator positions. There were no questions concerning this report.

**Senator Faris moved the adoption of the report of the Executive Subcommittee and the motion passed without objection.**

**Reports of Standing Subcommittees****Administrative Rules and Regulations Subcommittee**

Co-Chair Maxwell recognized Representative Overbey to present the report of the Administrative Rules and Regulations Subcommittee. Representative Overbey reported that the subcommittee had met on July 14, 2010 and again on August 11, 2010 and referred members to the report in their packets for details. There were no questions regarding the report.

**Representative Overbey moved the adoption of the report of the Administrative Rules and Regulations Subcommittee and the motion passed without objection.**

#### **Claims Review Subcommittee**

Co-Chair Maxwell recognized Representative Baker to present the report of the Claims Review Subcommittee. Representative Baker reported that the subcommittee met on June 24, June 29, and on August 18, 2010 and referred members to the report in their packets for details.

**Representative Baker moved the adoption of the report and the motion passed without objection.**

#### **Charitable, Penal & Correctional Institutions Subcommittee**

Co-Chair Maxwell recognized Senator Glover who reported that there was not a report in the members' packets, but he wanted to inform the members that the Charitable, Penal and Correctional Institutions Subcommittee is working on a report to the governor on alternative sentencing and that the report would also be provided to the Legislative Council. Senator Glover informed members that the subcommittee would be meeting on September 15, 2010 at Wrightsville to hear a report and to tour the Wrightsville facility and the women's boot camp.

Co-Chair Maxwell thanked Senator Glover for his comments.

#### **Game & Fish/State Police Subcommittee**

Co-Chair Maxwell recognized Representative Davenport to present the report of the Game & Fish/State Police Subcommittee. Representative Davenport reported that the Game & Fish/State Police Subcommittee met June 22, 2010 at the Heritage Center at Harding University. The subcommittee also met on June 23, 2010 at the White County Medical Center in Searcy and heard a report from the Arkansas State Parks and Tourism Department that provided an overview of the state parks, as well as a presentation from the Arkansas Game and Fish Commission concerning general deer hunting regulations, the Arkansas Youth Shooting Sports Program, and the National Archery in the Schools Program.

**Representative Davenport moved the adoption of the report of the Game & Fish/State Police Subcommittee and the motion passed without objection.**

#### **Higher Education Subcommittee**

Co-Chair Maxwell recognized Representative Roebuck to present the report of the Higher Education Subcommittee. Representative Roebuck reported that the Higher Education Subcommittee met August 19, 2010 and heard from Dr. Jim Purcell, Director of the Department of Higher Education, on ACT/SAT cut-off scores and held a discussion with the representatives of the ACT/SAT in Houston, Texas that was enlightening. The subcommittee

also heard a report from Cheryl Reinhart, staff attorney with the Bureau of Legislative Research, concerning the background of the scholarships funded through the Arkansas Lottery Commission and then heard an update from Dr. Purcell on the status of those scholarship applications. Representative Roebuck commented that all qualified scholarship applications from all traditional students, all current achievers, and every non-traditional student in two-years were funded. There were no questions regarding this report.

**Representative Roebuck moved that the report of the Higher Education Subcommittee be adopted and the motion passed without objection.**

#### **Performance Evaluation and Expenditure Review (PEER) Subcommittee**

Co-Chair Maxwell recognized Senator Bryles to present the report of the Performance Evaluation and Expenditure Review (PEER) Subcommittee. Senator Bryles reported that the PEER Subcommittee met July 8, 2010 and again August 5, 2010 and approved all items on the agenda. There were no questions concerning this report.

**Senator Bryles moved the adoption of the both the July 8, 2010 and August 5, 2010 reports of the Performance Evaluation and Expenditure Review (PEER) Subcommittee and the motion passed without objection.**

#### **Review Subcommittee**

Co-Chair Maxwell recognized Senator Horn to present the Review Subcommittee report. Senator Horn reported that the Review Subcommittee met August 6, 2010 and reviewed various methods of finance, various discretionary grants, and professional-consultant services contracts and all items were reviewed. The Review Subcommittee also met July 7, 2010 and both meeting reports are included in the members' packets. There were no questions regarding this report.

**Senator Horn moved the adoption of the report of the Review Subcommittee and the motion passed without objection.**

**Senator Horn moved that the rules be suspended for the purpose of considering a professional services contract submitted by the Arkansas Department of Education and the motion passed by voice vote.**

Co-Chair Maxwell recognized Senator Horn to present the contract between the Arkansas Department of Education and The Leadership and Learning Center for facilitation of the development of a statewide principal evaluation instrument by using a task force of thirty-nine people made up of administrators and stakeholders. At the request of Senator Horn, Co-Chair Maxwell recognized Beverly Williams, Assistant Commissioner with the Department of Education, who responded to several questions from members.

**Senator Horn moved that the contract between the Arkansas Department of Education and The Leadership and Learning Center be reviewed and the motion passed without objection.**

**Uniform Personnel Classification and Compensation Plan Subcommittee**

Co-Chair Maxwell recognized Senator Faris to present the Uniform Personnel Classification and Compensation Plan Subcommittee report. Senator Faris reported that the subcommittee met on August 19, 2010 and heard two routine reports from the Department of Education, provisional positions for four-year institutions of higher education and the Arkansas quarterly employment report. The subcommittee acted on requests for special entry rate from the Arkansas Insurance Department and the Disability Determination for Social Security Administration, requests for OPM pool positions from the Department of Labor, two requests for salary adjustments for circuit court staff; and heard a report of special entry rates approved by the chief fiscal officer of the state. There were no questions regarding this report.

**Senator Faris moved the adoption of the Uniform Personnel Classification and Compensation Plan Subcommittee report and the motion passed without objection.**

**Report of Interim or Special Committees**

Co-Chair Maxwell recognized Senator John Paul Capps to present a report from the Blue Ribbon Committee on Highway Finance. Senator Capps noted that copies of this July 1, 2010 report were provided to members earlier. Senator Capps reported that this report is an interim report because the committee needed more time to gather information including information from Washington, D.C. The Blue Ribbon Committee on Highway Finance met this week and will meet again in October and November of this year. The Committee is narrowing down the recommendations that will be made and Committee hopes to present the final report to the Legislative Council by December 1, 2010. There were no questions concerning this report.

**Senator Capps moved that the interim report from the Blue Ribbon Committee on Highway Finance be adopted and the motion passed without objection.**

**Review of Communications**

Co-Chair Maxwell referred members to the communications in their packets and noted that action is necessary on Exhibit H.5b, Exhibit H.5c, and Exhibit H.5d. Co-Chair Maxwell asked if there were any questions regarding the communications.

**Arkansas Development Finance Authority**

Co-Chair Maxwell referred members to the request for the Legislative Council's review of the Program Fact Sheet concerning an \$8,735,000 revenue bond issuance for funding an industrial facility for the sorting, processing, and treating of railroad crossties and other wood products (Exhibit H.5b), submitted by the Arkansas Development Finance Authority pursuant

to A.C.A. § 15-5-212. Co-Chair Maxwell stated Gene Eagle, Vice President with the Arkansas Development Finance Authority, was available to answer questions. There were no questions concerning this request.

**Senator Horn moved that the Program Fact Sheet concerning an \$8,735,000 revenue bond issuance for funding an industrial facility for the sorting, processing, and treating of railroad crossties and other wood products be filed as reviewed and the motion passed without objection.**

Arkansas Department of Higher Education

Co-Chair Maxwell referred members to the request from the Arkansas Department of Higher Education for the Legislative Council's advice concerning the distribution of \$1,000,000.00 from the Arkansas Research Development Program and asked if there were any questions. There were no questions concerning this request.

**Senator Horn moved that the Legislative Council give favorable advice concerning the distribution of \$1,000,000.00 from the Arkansas Research Development Program and the motion passed without objection.**

Arkansas State Parks Division

Co-Chair Maxwell referred members to the request from the Arkansas State Parks Division for the Legislative Council's advice concerning two priority land acquisitions and noted that Greg Butts, Director of the Arkansas State Parks Division, was available to answer questions. There were no questions concerning this request.

**Representative Overbey moved that the Legislative Council give favorable advice concerning the two priority land acquisitions and the motion passed without objection.**

Arkansas Student Loan Authority

Co-Chair Maxwell referred members to the request from the Arkansas Student Loan Authority for the Legislative Council's advice concerning revisions to the Arkansas Student Loan Authority's 2009 Plan of Restructuring as reviewed on October 16, 2009 and asked if there were any questions. There were no questions concerning this request.

**Senator Steele moved that the Legislative Council give favorable advice concerning the revisions to the Arkansas Student Loan Authority's 2009 Plan of Restructuring as reviewed on October 16, 2009 and the motion passed without objection.**

Co-Chair Maxwell recognized Senator Whitaker who asked for a definition of "favorable advice". Co-Chair Maxwell recognized David Ferguson, Director of the Bureau of Legislative Research to respond. Mr. Ferguson explained the statute is written to require the

Legislative Council to give advice and that favorable advice is an expression of the Legislative Council's pleasure with the matter at hand.

### **Business Carried Over from Previous Council Meeting**

Co-Chair Maxwell referred members to the information provided by the Arkansas Insurance Department (Exhibit I.1) in response to the Legislative Council's request for an update on the plans and actions of Arkansas Insurance Department in response to the enactment by the United States Congress of the Patient Protection and Affordable Care Act (H.R. 3590) and the Reconciliation Act of 2010 (H.R. 4872). Co-Chair Maxwell recognized Dan Honey, Deputy Commissioner with the Arkansas Insurance Department who presented an overview of the information provided and then answered questions.

### **New Business**

With the conclusion of the report, Co-Chair Maxwell recognized Senator Terry Smith who announced that the Senate Efficiency Committee will meet immediately following the adjournment of the Legislative Council meeting

Co-Chair Maxwell recognized Representative Lea who asked if the report on the cost effectiveness of state-owned vehicles was available for review at this meeting or at the September meeting. Co-Chair Maxwell responded that the report would be included on the agenda for the September meeting of the Legislative Council.

### **New Proposals and Resolutions**

Co-Chair Maxwell referred members to Interim Study Proposal 2009-243 (Exhibit K.1), by Representative Flowers, that was in their packets and recognized Representative Baker to explain Interim Study Proposal 2009-243. There were no questions regarding the study proposal.

**Representative Baker moved that Interim Study Proposal 2009-243 be referred to the House Interim Committee on Judiciary and the motion passed without objection.**

### **Adjournment**

There being no further business to come before the committee the meeting was adjourned at 10:03 a.m.

Respectfully submitted,

ATTEST:

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Representative Allen Maxwell

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David Ferguson

Co-Chair, Senate

Executive Secretary